



NHRS

New Hampshire Retirement System

Strategic Business Plan Plan Years 2007-2009

Quarter Ending September 30, 2006

New Hampshire Retirement System

Strategic Business Plan

July 1, 2006 – June 30, 2009

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New Hampshire Retirement System (NHRS)

Mission Statement

The New Hampshire Retirement System's mission is to provide comprehensive pension plan services for the benefit of its members and employers.

NHRS has two core businesses:

- Provide member retirement services.
- Invest retirement funds.

NHRS has three broad goals surrounding its core businesses:

- Build a foundation to support measurable improvement in member and employer services.
- Develop and implement best practices, policies, procedures and standards in investment, financial reporting, administration, operations and plan governance.
- Build a learning organization.



July 1, 2006

Dear Trustees,

I am pleased to present the Board of Trustees with the New Hampshire Retirement System (NHRS) Strategic Business Plan for the Plan Years 2007-2009.

NHRS management and staff have remained focused on the Strategic Business Plan since its inception in the summer of 2005, working diligently to improve member, retiree and employer services, to develop and implement best practices, and to build a learning organization.

All NHRS staff members actively participate in the strategic business planning process. Their technical experience, knowledge, perspective and input are instrumental in developing a learning organization based on realistic goal-setting. The role of management is to serve as team leaders, who provide guidance and direction, establish structure and timeframes, and coordinate team-driven work sessions.

The Strategic Business Plan establishes a formalized communication process among all levels of staff and includes not only team operational goals and objectives, but also individual performance plans to help NHRS achieve its vision. Functional areas work collaboratively to develop, implement and measure strategic initiatives. Although one functional area may coordinate and manage a business goal, many teams participate in and support the various strategic initiatives.

As a work-in-progress, the Strategic Business Plan requires ongoing monitoring and review. Goals are modified based on the needs of the NHRS membership, and priorities are revised as the result of those needs.

Through a dynamic strategic business planning process, NHRS is successfully delivering comprehensive services to its membership, prudently addressing pension plan administration and funding issues, and fostering a positive work environment rich with resolution-focused activities and professional conduct.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert S. Leggett".

Robert S. Leggett
Executive Director

Business & Financial Reporting

Business & Financial Reporting ensures that the organization's operational functionality is efficiently maintained by overseeing building administration, budget and procurement, pension fund accounting, financial reporting, employer reporting services, and funding and actuarial administration.

Building Administration, Budget and Procurement

Building Administration, Budget and Procurement comprises many of the daily core business functions of NHRS. One of its primary objectives is to ensure that NHRS staff and the membership it serves are provided a secure, "user friendly" environment to operate in. Additionally, overseeing the processes for budgeting and procurement, including the training of NHRS staff in these processes, ensures that the necessary resources will be available to adequately maintain NHRS operations.

Employer Reporting Services (ERS)

ERS oversees all employer reporting functions including the processing of monthly wages and contribution reports, recording of payments accompanying the reports, and employer reporting oversight. ERS assists with employer education and training.

Fund and Actuarial Administration

The focus of Fund and Actuarial Administration is to pursue disciplined actuarial policies, procedures and practices to maintain and further improve the funding ratio of the plan. This important objective is achieved by conducting biennial actuarial valuations, experience studies, periodic reviews of asset liability management, and by monitoring plan funding progress.

Pension Fund Accounting & Financial Reporting

Pension Fund Accounting & Financial Reporting provides information regarding the financial condition of NHRS to external entities via its publication of the NHRS Comprehensive Annual Financial Report (CAFR). The team also oversees the daily financial operations and accounting systems that compile the information necessary to produce the CAFR and to inform the Board of Trustees of the financial condition of NHRS.

Building Administration, Budget & Procurement Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|-----------|--------------------------|
| Monitor and revise, as necessary, the Business Continuity Plan to ensure operational efficiency in the event of an emergency/disaster | All Teams | To initiate 11/1/2006 |
| Evaluate and make recommendations to revise the role and responsibilities of the Safety Committee | | |
| Evaluate and make recommendations for a building security plan to ensure the safety of employees and the public | | |
| Continue to evaluate the facilities maintenance contract to ensure internal and external maintenance concerns are kept current | | In progress |
| Review and revise, as necessary, the internal plan for monitoring the agency budget | | |
| Review and revise, as necessary, payroll and purchasing guidelines | Legal | |
| Establish a payroll and payables process | HR, IT | In progress |
| Review and revise, as necessary, the process for management and staff to effectuate efficient and timely reporting to Board of Trustees and the Audit Committee of the Board | | |
| Establish "best value" benchmarks for cost and service quality | | |
| Review and revise, as necessary, the comprehensive risk management program to ensure an appropriate level of internal control | Legal | |
| Fully implement accounting and budgeting systems to establish autonomy from State accounting systems | | In progress |
| Develop a plan to monitor and report on the agency budget and train staff in budget preparation | | |
| Develop and implement an annual facilities maintenance evaluation plan | | |
| Adopt and implement purchasing guidelines as needed | | |
| Continue to work with the Safety Committee on efforts to provide a safe environment for employees and members | | In progress |

Building Administration, Budget & Procurement Plan Year 2007-2008

| Objective | Partners | Project Status |
|--|----------|----------------|
| Monitor and revise, as necessary, the Business Continuity Plan to ensure operational efficiency in the event of an emergency/disaster | | |
| Evaluate and make recommendations to revise the role and responsibilities of the Safety Committee | | |
| Evaluate and make recommendations for a building security plan to ensure the safety of employees and the public | | |
| Continue to evaluate the facilities maintenance contract to ensure internal and external maintenance concerns are kept current | | |
| Review and revise, as necessary, payroll and purchasing guidelines | Legal | |
| Maintain a payroll and payables process | HR, IT | |
| Review and revise, as necessary, the process for management and staff to effectuate efficient and timely reporting to Board of Trustees and the Audit Committee of the Board | | |
| Establish "best value" benchmarks for cost and service quality | | |
| Review and revise, as necessary, the comprehensive risk management program to ensure an appropriate level of internal control | Legal | |
| Develop and implement a comprehensive agency risk management program and assign appropriate responsibility for that program | | |
| Refine newly implemented accounting and budgeting systems | | |

Building Administration, Budget & Procurement Plan Year 2008-2009

| Objective | Partners | Project Status |
|--|----------|----------------|
| Review and revise the risk management plan as needed | | |
| Integrate the Business Administration, Budget and Procurement and Accounting functions into one department | | |
| Monitor and Revise the Business Continuity Plan | | |

Employer Reporting Services Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|----------|----------------|
| Continue to reduce number of prelist reporters by 50% | | In progress |
| Continue to increase timeliness of employer reporting | | In progress |
| Increase accuracy of reporting to 90% by continuing employer reconciliation efforts | | In progress |
| Continue to improve communications with employers and vendors by rewriting & redistributing user guides and other written materials, developing and implementing a comprehensive employer education plan, and reviewing and revising, as necessary, web site content | PIO,IT | In progress |
| Continue to evaluate alternatives/options for vendor software process improvement to enhance communication, workflow and processes within PensionGold, to review PensionGold security/access standards and to resolve PIR/SIR issues | IT | In progress |
| Resolve delinquent payment penalty issues in Pension Gold system | | In progress |
| Implement the ERS Employer User Guide | | |
| Develop a comprehensive employer training plan | | |
| Complete proposal for modifying Pension Gold system to handle non-line business transactions | | |

Employer Reporting Services Plan Year 2007-2008

| Objective | Partners | Project Status |
|--|----------|----------------|
| Continue to reduce number of prelist reporters | | |
| Continue to increase timeliness of employer reporting | | |
| Increase accuracy of employer reporting to 95% by continuing employer billing reconciliation efforts | | |
| Continue to improve communications with employers and vendors by rewriting & redistributing user guides and other written materials, developing and implementing a comprehensive employer education plan, and reviewing and revising, as necessary, web site content | PIO | |
| Continue to evaluate alternatives/options for vendor software process improvement to improve communication, workflow and processes within PensionGold, to review PensionGold security/access standards and to resolve PIR/SIR issues | | |
| Implement comprehensive employer training program | | |
| Review salary continuance process to determine ways to enhance the timeliness of employer salary continuance payments and overall internal control of the salary continuance process | | |
| Update ERS Employer User Guide as needed | | |

Employer Reporting Services Plan Year 2008-2009

| Objective | Partners | Project Status |
|---|----------|----------------|
| Continue to provide regularly scheduled comprehensive employer training program | | |
| Update ERS Employer User Guide as needed | | |
| Review current cash receipt process to determine whether there are alternative electronic payment methods available to provide more efficient and timely receipt of member and employer contributions | | |

Fund and Actuarial Administration Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|-------------------------------------|-----------------------|
| Complete the implementation of Plan Year 2005 - 2006 strategic goals | | In progress |
| Complete transition of actuarial consulting services from Buck Consultants to Gabriel Roeder | | In progress |
| Evaluate responses to the actuarial services request for proposal (RFP) and identify appropriate candidates for review by the NHRS trustees | Executive Director, Legal | Completed August 2006 |
| Evaluate and recommend changes to the actuarial practices based on the Fiscal Year 2005 Actuarial Valuation and Experience Study to achieve stable contribution rate environment, and to maintain and enhance plan funding ratio, appropriate member interest rate, and solvency of the Post-Retirement Medical Plan | Executive Director | In progress |
| Analyze the implications of HB 181 and develop alternatives for funding COLAs while maintaining the plan funding ratios | Executive Director, Member Services | In progress |
| Review, streamline and document work processes and procedures | | In progress |
| Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning | HR | In progress |
| Review and revise, as necessary, policies, guidelines and procedures | | In progress |

Fund and Actuarial Administration Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|----------|----------------|
| Complete the implementation of Plan Year 2006 - 2007 strategic goals | | |
| Conduct FY 2007 biennial valuation and evaluate plan funding status | | |
| Conduct FY 2007 valuation for retiree health insurance subsidy and evaluate plan funding status | | |
| Analyze the implications of HB 181 and develop alternatives for funding COLAs while maintaining the plan funding ratios | | |

**Fund and Actuarial Administration
Plan Year 2008-2009**

| Objective | Partners | Project Status |
|--|-----------------|-----------------------|
| Evaluate and recommend changes to the actuarial practices based on the Fiscal Year 2007 Actuarial Valuation and Experience Study to achieve stable contribution rate environment, and to maintain and enhance plan funding ratio, appropriate member interest rate, and solvency of the Post-Retirement Medical Plan | | |
| Analyze the implications of HB 181 and develop alternatives for funding COLAs while maintaining the plan funding ratios | | |

Pension Fund Accounting & Financial Reporting Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|-----------|-----------------------|
| Develop a strategy for increasing electronic reporting of information to Board of Trustees | | |
| Review strategy for Comprehensive Annual Financial Report (CAFR) presentation in compliance with Government Accounting Standards Board (GASB) guidelines and dissemination of CAFR information | | |
| Develop strategy for interim financial reporting to external entities | | |
| Consider and review alternatives for legislation to give NHRS autonomy in procuring service provider for external audit | | |
| Review and implement alternative accounting solutions for alternative investments | | |
| Review cash management alternatives for accepting employer payments with a goal of increasing paperless/electronic | ERS | |
| Continue to reconcile the general ledger and Pension Gold | | |
| Define the roles and responsibilities of the Member Accountants in the financial accounting process | | |
| Prepare for implementation of GASB 43 & 45 post-employment benefit accounting provisions in fiscal year end June 30, 2007 annual report (CAFR) through education & training | | |
| Review and implement increased electronic dissemination of CAFR to reduce the number of printed hard copies needed | | |
| Complete FY 2006 External Audit including addressing any observations noted by the external auditors | All teams | In progress |
| Prepare and issue Comprehensive Annual Financial Report for the FY ending June 30, 2006 | PIO | In progress |
| Support the submission of the FY 2006 CEM Survey by providing cost allocation data | | Complete October 2006 |

Pension Fund Accounting & Financial Reporting Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|----------|----------------|
| Develop a strategy for increasing electronic reporting of information to Board of Trustees | | |
| Review annual report (CAFR) to determine if enhanced presentation capability can be accomplished while maintaining GFOA required standards | | |
| Review alternatives for "alternative investment" accounting transactions | | |
| Review cash management alternatives for accepting employer payments with a goal of increasing paperless/electronic | ERS | |
| Implement GASB 43 & 45 post-employment benefit accounting provisions in fiscal year ending June 30, 2007 annual report (CAFR) | | |
| Establish overall monthly accounting reconciliation plan that specifies exactly what accounting related items (both Pension Gold related and non-Pension Gold related) will be reconciled, how they will be reconciled, and assign responsibility for performing the monthly reconciliation | | |
| Complete FY 2007 External Audit including addressing any observations noted by the external auditors | | |
| Prepare and issue Comprehensive Annual Financial Report for the FY ending June 30, 2007 | PIO | |
| Support the submission of the FY 2007 CEM Survey by providing cost allocation data | | |

Pension Fund Accounting & Financial Reporting Plan Year 2008-2009

| Objective | Partners | Project Status |
|--|----------|----------------|
| Implement monthly accounting reconciliation plan | | |
| Issue request for Proposal (RFP) for Banking Services | | |
| Implement new GASB pronouncements as needed | | |
| Complete FY 2008 External Audit including addressing any observations noted by the external auditors | | |
| Prepare and issue Comprehensive Annual Financial Report for the FY ending June 30, 2008 | | |
| Support the submission of the FY 2008 CEM Survey by providing cost allocation data | | |

Human Resources

Human Resources (HR) promotes an effective and productive workforce to successfully achieve NHRS business objectives by assisting with strategic organizational development. HR implements fair and sound employment practices; recruits, retains, and develops qualified staff for professional roles appropriate to their skills, training, and experience; and fosters a progressive workplace environment, which encourages continuous learning, constructive challenges, creativity, collaborative problem-solving, team ethic, and mission-driven philosophy.

Human Resources Plan Year 2006-2007

| Objective | Partners | Project Status |
|---|---------------------------|---|
| Implement NHRS-specific job valuation system | | In progress; complete by 12/06 |
| Coordinate efforts for the NHRS Collective Bargaining Team to successfully negotiate the Collective Bargaining Agreement for 7/1/2007, negotiations to begin plan year 2007 | | In progress; complete by 7/06 |
| Continue to develop and implement NHRS-specific HR/payroll policies and forms | Executive Director, Legal | In progress |
| Update and monitor individualized strategic performance plans for all staff (ISPs), and related performance evaluations which reflect strategies to achieve individual, departmental, and agency-wide performance goals | All Teams | In progress; complete by 12/06 |
| Continue with implementation of appropriate components of approved Phase I workforce plan including hiring/training/realignment of resources | All Teams | In progress; complete by 12/06 |
| Develop proposal for new NHRS compensation program | | To initiate 12/06 |
| Implement monitoring of all employment compliance standards and associated reporting requirements applicable to NHRS as an independent public employer, including reporting requirements | Business, Legal | In progress; complete by 1/07 |
| Continue to track HR-related statistics and quality indicators, analyze and report results, and recommend any appropriate responsive action | | In progress, quarterly |
| Present Phase II of comprehensive workforce plan for plan years 2006 through 2009, and begin implementation of approved components relative to this plan year | | Completed August 2006, Implementation in progress |
| Conduct a comprehensive needs assessment of NHRS workforce training needs | | To initiate 6/07 |
| Begin implementation of an independent HR/Payroll software system | Business | In progress; complete by 4/1/06 |

Human Resources Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|------------------------------|----------------|
| Continue to develop and implement NHRS-specific HR/payroll policies and protocols | Legal, Executive Director | |
| Update and monitor individualized strategic performance plans for all staff (ISPs), and related performance evaluations which reflect strategies to achieve individual, departmental, and agency-wide performance goals | | |
| Continue implementation of appropriate components of workforce plan, including hiring/training/realignment of resources | All Teams | |
| Establish standardized knowledge and comprehensive competencies for industry and NHRS-specific functions for staff positions | | |
| Assist functional areas in the continuous assessment and improvement of workflow processes | All Teams | |
| Develop budget and solid funding source for ongoing staff recognition and motivational cost items | Business | |
| Develop and implement a comprehensive new employee orientation program (on-boarding) | | |
| Continue to track HR-related statistics and quality indicators, analyze and report results, and recommend any appropriate responsive action | | |
| Develop a comprehensive, multi-tiered staff education and professional development program | | |
| Implement any revised terms of the new Collective Bargaining Agreement, effective 7/1/07 | | |
| Implement new NHRS compensation structure in line with recommendations from HayGroup, Inc. and consistent with negotiated collective bargaining agreement | | |

Human Resources Plan Year 2008-2009

| Objective | Partners | Project Status |
|--|----------|----------------|
| Continue to assess, appropriately revise and implement components of the workforce plan relative to this plan year | | |
| Implement the comprehensive, multi-tiered staff education and professional development plan, to include the possibility of establishing a centralized training resources functionality | | |
| Establish formal NHRS succession plan | | |
| Develop NHRS staff incentive and reward program, and begin implementation of any approved components relative to this plan year | | |
| Offer Employee Self-Service capability for NHRS payroll and HR functions | | |

Information Technology

Information Technology (IT) plans, designs, implements and controls the technology infrastructure for the organization. IT operates, maintains and enhances the information technology environment to ensure teams' ability to perform their daily operational functions.

Information Technology Plan Year 2006-2007

| Objective | Partners | Project Status |
|---|------------------------------|----------------|
| Develop a plan for hardware replacement | | Completed |
| Continue to review and revise, as necessary, policies, guidelines and procedures | Legal, Executive Director | |
| Continue to review and revise, as necessary, the security surrounding the network | | |
| Continue to review and revise, as necessary, the Disaster Recovery Plan | All Teams | |
| Continue to coordinate and manage PG functionality with other business units | All Teams | In progress |
| Continue to assist other business units with meeting their objectives based on their IT needs | All Teams | In progress |
| Continue to replace non-PG servers | | Completed |
| Continue to implement an improved web site which will consolidate the two current web sites | | In progress |
| Develop a plan for hardware/software life cycle | | |
| Implement faxing software | | In progress |
| Enhance the helpdesk software functionality | | |
| Roll out the phone system software | | |
| Roll out Web Member Services | | |
| Develop a plan for imaging | | |
| Plan and implement a contact center | | |

Information Technology Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|------------------------------|----------------|
| Continue to review and revise, as necessary, IT Policies, Guidelines and Procedures | Legal, Executive Director | |
| Continue to review and revise, as necessary, the security surrounding the network | | |
| Continue to review and revise, as necessary, the Disaster Recovery Plan | All Teams | |
| Continue to coordinate and manage PG functionality with other business units | All Teams | |
| Continue to assist other business units with meeting their objectives based on their IT needs | All Teams | |
| Implement plan for imaging | | |

Information Technology Plan Year 2008-2009

| Objective | Partners | Project Status |
|---|----------|----------------|
| Continue to review and revise, as necessary, IT Policies, Guidelines and Procedures | | |
| Continue to review and revise, as necessary, the security surrounding the network | | |
| Continue to review and revise, as necessary, the Disaster Recovery Plan | | |
| Continue to coordinate and manage PG functionality with other business units | | |
| Continue to assist other business units with meeting their objectives based on their IT needs | | |

Investments

The Investments team is responsible for the administration of a broadly diversified investment portfolio consisting of domestic and international equity and fixed income as well as alternative investments and commercial real estate. The investment program objective is to consistently achieve above-average total fund return at a moderate level of risk. This is accomplished by implementing best investment and corporate governance practices, consistent with Board of Trustees policies and industry standards.

Investment management and monitoring are key functions performed by the team. This involves managing asset allocation; coordinating the administration of investment portfolios; monitoring risk and performance; ensuring portfolio compliance with the investment and proxy voting guidelines; facilitating manager searches; performing asset transfers; and achieving reporting standards.

Investments

Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|--------------------|---|
| Complete the implementation of Plan Year 2005 - 2006 strategic goals | | See below |
| <p>Complete the implementation of ALM and risk-budgeting analysis recommendations. Continue asset class-level review and implementation:</p> <ul style="list-style-type: none"> Established two index fund portfolios Provided initial funding for Daily Aggregate Bond Index fund account Adopt a 50% passive-management allocation within the U.S. Equity asset class Utilize these accounts to attain allocation policy targets U.S. Equity Manager Review to assess current NHRS managers and consider candidates approved by the general investment consultant | | <ul style="list-style-type: none"> Accounts established Q3'06 Initiated Q3'06 Adopted Q3'06 Initiated Q3'06 Initiated Q3'06 |
| <p>Actively pursue opportunities to reduce investment management fees and other service provider expenses to a level at or below the median of the peer group of data base</p> <p>In conjunction with ALM recommendations and U.S. Equity Manager Review, NHRS established a Russell 3000 Index equity account and a Daily Aggregate Bond Index account. The establishment and funding of the index accounts is expected to significantly reduce investment management, custody, and related-fees.</p> | | <p>Initiated Q3'06</p> <ul style="list-style-type: none"> Contracts completed Accounts established Began funding Daily Aggregate Bond Index fund |
| Analyze and recommend comprehensive strategy and structure for the commercial real estate program based on the revised policy allocation target of 5% in this asset class | Executive Director | Initiated Q3'06 with request to commercial real estate consultant |
| <p>Develop and implement a workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning</p> <ul style="list-style-type: none"> Workforce plan developed Chief Investment Officer position recruitment Investment Analyst position recruitment | HR | <ul style="list-style-type: none"> Completed Q3'06 Completed Q3'06 Initiated |

Investments

Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|---------------------------|--|
| <p>Review and revise, as necessary, policies, guidelines and procedures</p> <p style="text-align: center;">NHRS Statement of Investment Policy</p> | Legal, Executive Director | Completed with formal adoption of the policy Q3'06 |
| <p>Continue RFP process for all investment-related service providers on a rotating basis, as appropriate, and adhere to consultant's manager search process and standards</p> <p style="text-align: center;">Request for Information (RFI) documents for U.S. Equity Manager Review analyzed with general investment consultant. Consultant's Investment Manager Rating System (IMRS) utilized for this process.</p> | Legal | Completed Q3'06 |
| <p>Establish appropriate risk/return benchmark for measuring performance for the security lending program and evaluate opportunities for increasing income</p> | Executive Director | To initiate in Q1'07 |
| <p>Develop a process for the annual review of proxy voting guidelines, service provider contracts for competitiveness, and for review of investment and internal control risk exposure in accordance with the COSO/GARP Standards</p> | Legal | To initiate in Q1'07 |

Investments

Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|---------------------------|----------------|
| Complete the implementation of Plan Year 2006 - 2007 strategic goals | | |
| Establish access to the online capital market database platform for conducting manager searches, portfolio pricing, portfolio transition, and for exploring the feasibility of internal investing | | |
| Administer and adjust the workforce plan, as needed, to incorporate needs assessment, effective deployment of current resources, cross-training and succession planning | HR | |
| Review and revise, as necessary, policies, guidelines and procedures | Legal, Executive Director | |
| Actively pursue opportunities to reduce investment management fees and other service provider expenses to a level at or below the median of the peer group of data base | | |
| Continue RFP process for all investment-related service providers on a rotating basis, as appropriate, and adhere to consultant's manager search process and standards | Legal | |
| Continue the annual review of proxy voting guidelines, service provider contracts for competitiveness, and for review of investment and internal control risk exposure in accordance with the COSO/GARP Standards | Legal | |

Investments

Plan Year 2008-2009

| Objective | Partners | Project Status |
|---|------------------------------|----------------|
| Complete the implementation of Plan Year 2007 - 2008 strategic goals | | |
| Evaluate and enhance investment technology to ensure adherence with best practices for monitoring, management & compliance | | |
| Administer and adjust the workforce plan, as needed, to incorporate needs assessment, effective deployment of current resources, cross-training and succession planning | HR | |
| Review and revise, as necessary, policies, guidelines and procedures | Executive Director, Legal | |
| Determine best practices for handling security litigation activities including the establishment of a security litigation policy, requisite technology solutions, and administrative processes | Executive Director, Legal | |
| Continue the annual review of proxy voting guidelines, service provider contracts for competitiveness, and for review of investment and internal control risk exposure in accordance with the COSO/GARP Standards | Legal | |

Legal & Compliance

The Legal & Compliance Team reviews NHRS policies and processes.

Legal Services provides a broad range of legal and compliance advice to the Board of Trustees, Executive Director and agency personnel; coordinates external legal services; assists with the legislative process; and manages Qualified Domestic Relations Order (QDRO) and hearings processes.

Internal Audit & Compliance provides independent objective assurance and consulting services designed to add value and improve efficiency of NHRS core businesses. Audit & Compliance assists the organization in accomplishing its objectives by practicing a systematic, disciplined approach in evaluating risk and recommending sound internal controls for effective risk management, sound policies & procedures, and good governance process.

Legal & Compliance Plan Year 2006-2007

| Objective | Partners | Project Status |
|---|--------------------|----------------|
| Continue to assist in the drafting, editing and implementation of statutes and administrative regulations | Executive Director | |
| Continue to advise and assist management and staff with the implementation of the strategic objectives, as requested | All Teams | |
| Provide legal research, review and opinion to the Board of Trustees, management and staff, as requested | | |
| Continue to assist with new-Trustee orientation | Executive Director | |
| Continue to represent and/or coordinate legal representation on behalf of the NHRS in adjudicative proceedings | | |
| Continue to assist in the review and implementation of any recommendations made by the NHRS Internal Auditor, external consultants and/or service providers | Investments | |
| Implement functional expectations for the NHRS disability and QDRO operations | Members Services | |
| Continue to review and appropriately revise, as necessary, all policies, procedures and publications | | |
| Participate in the Collective Bargaining Agreement (CBA) process | | |
| Assist in development and review of periodic RFP's for all vendors | | |
| Assist staff in the implementation of new legislation impacting NHRS | | |
| Assist with annual external audit | | |
| Conduct risk management and initial phase of internal audit | | |
| Prioritize and implement FY '06 audit/compliance goals | | |
| Develop and monitor internal controls procedures designed to manage risk and make recommendations for improvements | | |
| Oversee modifications to administrative rules | | |
| Assist in the review of NHRS governance policies | | |

Legal & Compliance Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|--------------------|----------------|
| Continue to assist in the drafting, editing and implementation of statutes and administrative regulations | Executive Director | |
| Continue to advise and assist management and staff with the implementation of the strategic objectives, as requested | All Teams | |
| Continue to provide legal research, review and opinion to the Board of Trustees, management and staff, as requested | | |
| Continue to assist with new-Trustee orientation | Executive Director | |
| Continue to represent and/or coordinate legal representation on behalf of the NHRS in adjudicative proceedings | | |
| Continue to assist in the review and implementation of any recommendations made by the NHRS Internal Auditor, external consultants and/or service providers | Investments | |
| Continue to implement functional expectations for the NHRS disability and QDRO operations | Member Services | |
| Continue to review and appropriately revise, as necessary, all policies, procedures and publications | | |
| Continue the development and review of periodic RFP's for all vendors | | |
| Assist in the implementation of the 7/1/07 CBA | | |
| Assist with annual external audit | | |
| Conduct next phase of internal audit | | |
| Assist staff in the implementation of new legislation impacting NHRS | | |
| Continue to implement FY '06 & '07 audit/compliance goals | | |

Legal & Compliance Plan Year 2008-2009

| Objective | Partners | Project Status |
|--|----------|----------------|
| Continue to review and appropriately revise, as necessary, all policies, procedures and publications | | |
| Continue the development and review of periodic RFP's for all vendors | | |
| Assist with annual external audit | | |
| Conduct next phase of internal audit | | |
| Continue to provide legal research, review and opinion to management and staff, as requested | | |
| Continue to represent and/or coordinate legal representation on behalf of the NHRS in adjudicative proceedings | | |
| Continue to oversee in the drafting, editing and implementation of statutes and administrative regulations | | |
| Assist staff in the implementation of new legislation impacting NHRS | | |
| Continue to implement FY 2007 and 2008 goals | | |

Member Services

Member Services, comprised of the Benefits Team and Annuity Team, supports members' service needs by providing individual benefit information and counseling to members; tracking and verifying salary, contribution and service credit data; processing refunds and service credit purchases; certifying benefits; and issuing monthly annuity payments. To effectively deliver excellent member services, Member Services must monitor and increase baseline knowledge of federal and state legislative mandates covering a wide range of pension-related topics and tax-related matters.

Annuity

Annuity administers post-retirement benefits, which includes issuing monthly annuity benefits and cost of living allowances; managing the 401(h) medical subsidy; coordinating healthcare benefits with employers; implementing direct deposits; applying federal income tax regulations; and auditing retiree records to ensure that benefits meet state and federal compliance.

Member Benefits

Member Benefits (which includes Member Accounting, Enrollment and Record Retention) provides pre-retirement counseling and benefit estimates; processes retirement applications, disability claims and death benefits; manages prior service credit purchases; calculates and certifies benefit amounts; administers additional annuities; and audits member records and benefits to ensure state and federal statutory compliance.

Annuity Plan Year 2006-2007

| Objective | Partners | Project Status |
|---|------------------------------------|-----------------------------------|
| Implement 1-3 recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | Member Benefits, PIO | In progress |
| Explore assumption of gainful occupation responsibilities (training) | | In progress |
| Implement contact center plan | Business, Member Benefits, PIO, IT | |
| Implement employer/annuity initiatives (re: medical insurance) | | |
| Plan for 8.5% increase in annuitants (from 20,550 to 22,300) | | |
| Prepare for 8.5% increase in retirees' medical insurance payments. (18,275 to 19,830) | | |
| Review, streamline and document 3-5 work processes, procedures, policies and guidelines | Member Benefits | In progress |
| Participate in the development of workforce planning to include needs assessment, effective deployment of current resources, cross-training and succession planning | HR | In progress |
| Develop and publish a post-retirement handbook | Member Benefits | To initiate |
| Achieve 85% annuitant participation in direct deposit | | In progress |
| Pursue feedback prior to implementation of issuance of annuity advisory notices and checks directly to members from the vendor | | In progress |
| Complete development of gainful occupation/PG software functionality | IT | In progress |
| Participate in planning and training for phase one contact center, formulate frequently asked questions list; and participate in planning for imaging project as appropriate | | To initiate |
| Participate in wide-ranging employer collaboration initiatives | HR, ERS | To initiate |
| Complete implementation of letter functionality in PG | IT | Accomplished in part, in progress |
| Complete implementation of Local Government Center (LGC) modification for dependent information--- LGC was formerly the NH Municipal Association (NHMA) | IT | In progress |
| Plan for 5% increase in annuitants and in retirees' medical insurance payments | | In progress |
| Resolve outstanding PIRS/SIRS, complete reports and correspondence functionality | | Accomplished in part/in progress |
| Annual recertification for medical subsidy | | In progress |
| W-4P annual re-notification and response team | | To initiate 1/07 |
| 1099 response team | | To initiate 1/07 |
| State NH health care administrative transition | Executive Director | Accomplished 11/1/06 |
| Develop a general satisfaction survey for retiree population | PIO | In progress |
| Evaluate expanded hours of operation | | Accomplished |

Annuity Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|--------------------------------|----------------|
| Implement 1-3 recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | | |
| Achieve 87% annuitant participation in direct deposit | | |
| Plan for 8% increase in annuitants and retirees' medical insurance payments | | |
| Assume gainful occupation responsibilities | | |
| Participate in assessment and refinement of contact center operations, in imaging project, as appropriate | Business, Member Benefits, PIO | |
| Develop a satisfaction survey for targeted retiree populations | | |
| Review , streamline and document 3-5 work processes, procedures, policies and guidelines | | |
| Consider elimination of notarization for documents | | |
| W-4P annual re-notification and response team | | |
| 1099 response team | | |

Annuity Plan Year 2008-2009

| Objective | Partners | Project Status |
|---|----------|----------------|
| W-4P annual re-notification and response team | | |
| 1099 response team | | |
| Participate in assessment and refinement of contact center operations | | |
| Plan for 10% increase in annuitants and retirees' medical insurance payments | | |
| Assess Archival record retention | | |
| Achieve 90% annuitant participation in direct deposit | | |
| Conduct and refine satisfaction surveys | | |
| Consider banking services/other deductions | | |
| Implement 1-3 recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | | |
| Review , streamline and document 3-5 work processes, procedures, policies and guidelines | | |

Member Benefits Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|----------------------------|---------------------------|
| Implement 1-3 recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | Annuity, PIO | Accomplished, In progress |
| Implement contact center | Annuity, Business, PIO, IT | |
| Identify and develop process for large-scale data cleansing | IT | In progress |
| Plan for and address June '08 retirement activity | | |
| Identify and notify members eligible to pre-select a survivorship option | . | |
| Refund contributions to 2-year inactive members | | |
| Explore imaging options | IT | |
| Review, streamline and document 3-5 work processes procedures, policies and guidelines | | Accomplished, In progress |
| Participate in the development of workforce planning to include needs assessment, effective deployment of current resources, cross-training and succession planning | HR | In progress |
| Prepare for counseling/benefit processing to meet needs of increased retirement-eligible population, projected to double within two years (June '08 retirement activity) | | In progress |
| Participate in planning and training for phase one contact center; formulate frequently asked questions list; and participate in planning for imaging project as appropriate | PIO, IT | |
| Test member web access | IT | To initiate |
| Modify a report to identify eligibility/vested deferred members | IT | In progress |
| Resolve outstanding PIRS/SIRS, complete reports and correspondence functionality | IT | In progress |
| Implement additional contributions calculations functionality in PG | IT | In progress |
| Integrate information currently stored in stand-alone databases | IT | In progress |
| Evaluate expanded hours of operation | | Accomplished |
| Develop and conduct a general satisfaction survey for members | PIO | In progress |
| Develop a plan to increase awareness of members eligible to pre-select a survivorship option | | In progress |
| Consider elimination of notarization of documents | Legal | In progress |
| Consider content of estimates (per CEM) | Legal, IT | Accomplished |
| Prepare for increased call volumes, requests for cost and benefit calculations and timely and accurate processing generated by member interest in service credit purchases and related pension benefit information | | In progress |

Member Benefits Plan Year 2007-2008

| Objective | Partners | Project Status |
|---|------------------------|----------------|
| Implement 1-3 recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | Annuity, PIO | |
| Participate in assessment and refinement of contact center operations; in imaging project, as possible | Annuity, Business, PIO | |
| Continue data cleansing | | |
| Implement imaging | | |
| Assess archival records retention | | |
| Process 2008 retirements | | |
| Explore providing member counseling in field locations | | |
| Consider conducting satisfaction surveys focused on counseling, calls, presentations, publications, refunds, purchases, estimates | | |
| Collaborate with PIO to attend retirement preparation meetings held by employers, associations | | |
| Review, streamline and document 3-5 work processes, procedures, policies and guidelines | | |

Member Benefits Plan Year 2008-2009

| Objective | Partners | Project Status |
|---|----------|----------------|
| Implement 1-3 recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | | |
| Participate in assessment and refinement of contact center operations | | |
| Continue data cleansing | | |
| Conduct Satisfaction Surveys | | |
| Review, streamline and document 3-5 work processes, procedures, policies and guidelines | | |

Public Information

The Public Information Office (PIO) develops and implements proactive, internal and external communications initiatives by creating and disseminating publications; maintaining an up-to-date web site; conducting educational outreach through workshops, seminars and benefits fairs; collaborating with internal and external entities to maximize information dissemination; assisting with the legislative process; and responding to member, retiree, employer, public and media inquiries.

Public Information Plan Year 2006-2007

| Objective | Partners | Project Status |
|--|-------------------------------|----------------------------------|
| Continue to collaborate with other teams to implement an effective and consistent contact and response system for constituents to include development of education and training programs for employers, members and retirees; orientation sessions for other various stakeholders; and communication initiatives in partnership with other entities to maximize NHRS' education and information outreach | All Teams | In progress |
| Implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact | Member Services | In progress |
| Update publications and external forms, as needed | All Teams | In progress |
| Identify and respond to operational impact of legislative initiatives | Executive Director, Legal | In progress |
| Develop and implement regional-based pilot program for delivering member education outreach sessions to large groups on an annual basis | | In progress |
| Deliver statewide, smaller group member education outreach sessions | | In progress |
| Evaluate retiree outreach | | In progress |
| Assist with implementing redesigned web site including member web access | IT | In progress; complete by Q3 FY07 |
| Develop client satisfaction surveys | Member Services | Complete Q2,FY07 |
| Create updated employer manual | Business, Legal | In progress |
| Develop employer training program | Business | Deferred to Q4,FY07 |
| Assist with developing and implementing contact center plan | IT, Member Services, Business | Deferred to Q2,FY07 |
| Assist with editing, as needed, format and content of annual member statements | IT, Member Services | Completed 9/06 |
| Develop and implement an internal and external communications plan to include a media relations policy and to be based on the information needs of an increased retirement-eligible population | | Complete by Q3,FY07 |

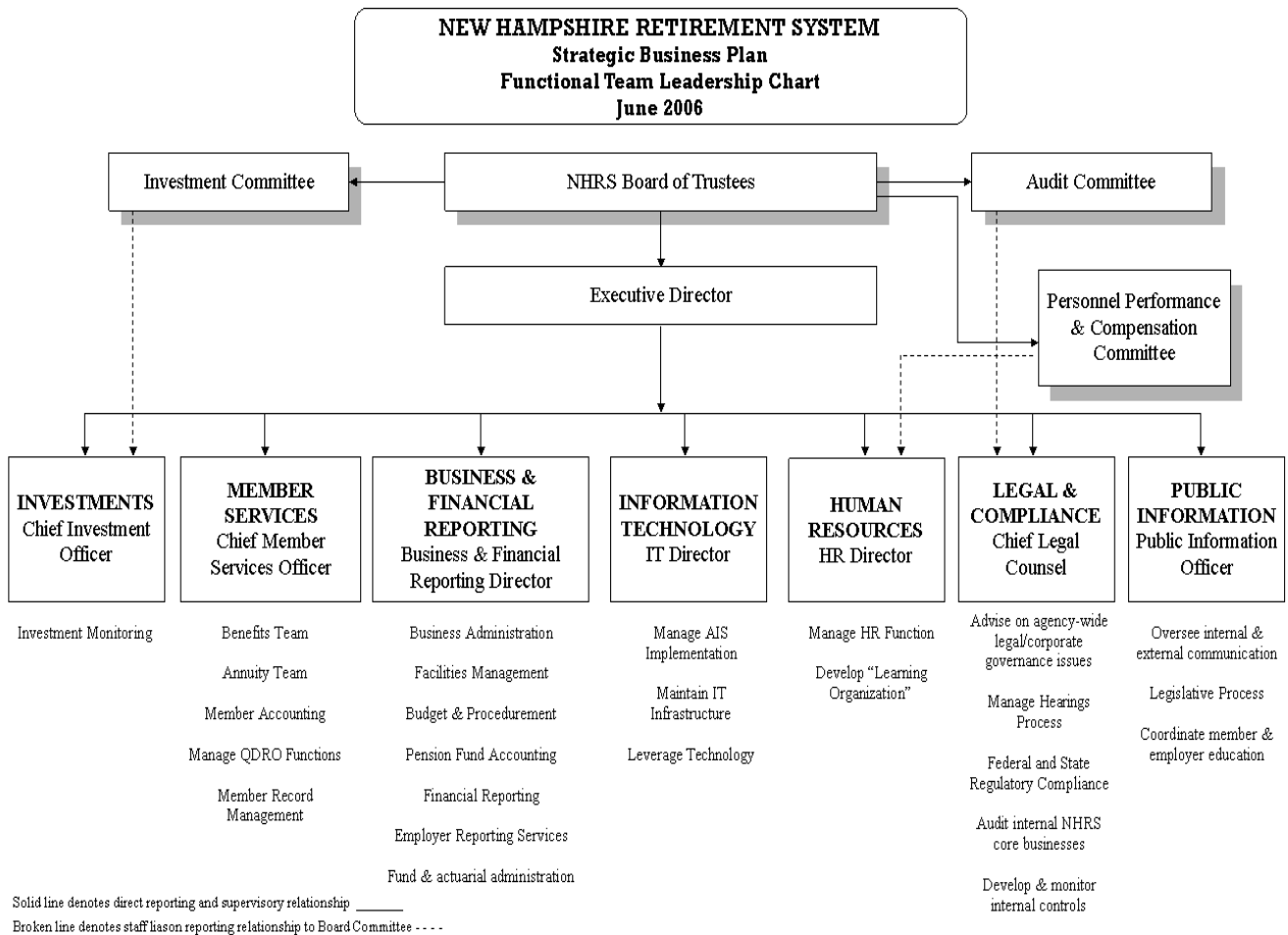
Public Information Plan Year 2007-2008

| Objective | Partners | Project Status |
|--|-----------------|----------------|
| Continue to assess, refine and deliver: <ol style="list-style-type: none"> 1. Employer education 2. Member and retiree education 3. Quality publications, education sessions and presentations 4. Internal and external communications 5. Contact center services 6. An up-to-date, user-friendly web site | All Teams | |
| Continue to implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups, and adopt accepted quality standards and response times for member contact | Member Services | |
| Create a NHRS resource library | All Teams | |
| Deliver large group, annual member education outreach sessions on a regional basis | | |
| Deliver statewide, smaller group member education outreach sessions | | |
| Evaluate retiree outreach | | |
| Participate in the implementation of employer training programs | | |

Public Information Plan Year 2008-2009

| Objective | Partners | Project Status |
|--|-----------|----------------|
| Continue to assess, refine and deliver: 1) Employer education 2) Member and retiree education 3) Quality publications, educations sessions and presentations 4) Internal and external communications 5) Contact center services 6) An up-to-date, user-friendly web site | All Teams | |
| Deliver large group, annual member education outreach sessions on a regional basis | | |
| Deliver statewide, smaller group member education outreach sessions | | |
| Evaluate retiree outreach | | |
| Participate in the implementation of employer training programs | | |
| Maintain NHRS resource library | | |

Addendum 1 – Team Leadership Chart



Addendum 2 – Explanation of Acronyms & Terms

| | |
|---------------------|---|
| CAFR | Comprehensive Annual Financial Report |
| COLA | Cost-of-Living Adjustment |
| COSO/GARP Standards | Committee of Sponsoring Organizations of the Treadway Commission/Generally Accepted Risk Principles Standards |
| ERS | Employer Reporting Services |
| GASB | Government Accounting Standards Board |
| GHRIS System | Government Human Resource System |
| HB181 | House Bill that establishes a committee to study the NHRS Special Account |
| HR | Human Resources |
| IT | Information Technology |
| LGC | Local Government Center |
| NHMA | New Hampshire Municipal Association |
| On-boarding | New Employee Orientation Program |
| PCs | Personal Computer |
| PDP | Professional Development Plan |
| PG | PensionGold |
| PIO | Public Information Office |
| PIRS/SIRS | Parallel Incident Report/Support Incident Report |
| PPCC | Personnel Performance and Compensation Committee |
| QDRO | Qualified Domestic Relations Order |
| RFP | Request for Proposal |
| XML files | Extensible Markup Language |